

PREVAILED

Roll Call No. \_\_\_\_\_

FAILED

Ayes \_\_\_\_\_

WITHDRAWN

Noes \_\_\_\_\_

RULED OUT OF ORDER

## HOUSE MOTION \_\_\_\_\_

MR. SPEAKER:

I move that House Bill 2005 be amended to read as follows:

- 1 Delete everything after the enacting clause and insert the following:  
2 SECTION 1. IC 6-1.1-10-16, AS AMENDED BY P.L.198-2001,  
3 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
4 JULY 1, 2003]: Sec. 16. (a) All or part of a building is exempt from  
5 property taxation if it is owned, occupied, and used by a person for  
6 educational, literary, scientific, religious, or charitable purposes.  
7 (b) A building is exempt from property taxation if it is owned,  
8 occupied, and used by a town, city, township, or county for educational,  
9 literary, scientific, fraternal, or charitable purposes.  
10 (c) **Except as provided in subsection (o) and subject to**  
11 **subsection (p),** a tract of land, including the campus and athletic  
12 grounds of an educational institution, is exempt from property taxation  
13 if:  
14 (1) a building ~~which that~~ is exempt under subsection (a) or (b) is  
15 situated on it; and  
16 (2) the tract does not exceed:  
17 (A) one hundred fifty (150) acres in the case of:  
18 (i) an educational institution;  
19 (ii) a tract that was exempt under this subsection on March  
20 1, 1987; or  
21 (B) two hundred (200) acres in the case of a local association  
22 formed for the purpose of promoting 4-H programs; or  
23 (C) ~~fifteen (15)~~ **fifty (50)** acres in all other cases.

(d) A tract of land is exempt from property taxation if:

(1) it is purchased for the purpose of erecting a building ~~which~~ **that** is to be owned, occupied, and used in such a manner that the building will be exempt under subsection (a) or (b);

(2) the tract does not exceed:

(A) one hundred fifty (150) acres in the case of:

(i) an educational institution; or

(ii) a tract that was exempt under this subsection on March 1, 1987;

(B) two hundred (200) acres in the case of a local association formed for the purpose of promoting 4-H programs; or

(C) ~~fifteen (15)~~ **fifty (50)** acres in all other cases; and

(3) not more than three (3) years after the property is purchased, and for each year after the three (3) year period, the owner demonstrates substantial progress towards the erection of the intended building and use of the tract for the exempt purpose. To establish that substantial progress is being made, the owner must prove the existence of factors such as the following:

(A) Organization of and activity by a building committee or other oversight group.

(B) Completion and filing of building plans with the appropriate local government authority.

(C) Cash reserves dedicated to the project of a sufficient amount to lead a reasonable individual to believe the actual construction can and will begin within three (3) years.

(D) The breaking of ground and the beginning of actual construction.

(E) Any other factor that would lead a reasonable individual to believe that:

(i) construction of the building is an active plan; and ~~that~~

(ii) the building is capable of being completed within six (6) years considering the circumstances of the owner.

(e) Personal property is exempt from property taxation if:

(1) it is owned and used in such a manner that it would be exempt under subsection (a) or (b) if it were a building; **or**

**(2) it is owned and used in the operation of a church camp for which the land is exempt under subsection (o).**

(f) A hospital's property ~~which~~ **that** is exempt from property taxation under subsection (a), (b), or (e) shall remain exempt from property taxation even if the property is used in part to furnish goods or services to another hospital whose property qualifies for exemption under this section.

(g) Property owned by a shared hospital services organization ~~which~~ **that** is exempt from federal income taxation under Section 501(c)(3) or 501(e) of the Internal Revenue Code is exempt from property taxation if it is owned, occupied, and used exclusively to furnish goods

or services to a hospital whose property is exempt from property taxation under subsection (a), (b), or (e).

(h) This section does not exempt from property tax an office or a practice of a physician or group of physicians that is owned by a hospital licensed under IC 16-21-1 or other property that is not substantially related to or supportive of the inpatient facility of the hospital unless the office, practice, or other property:

- (1) provides or supports the provision of charity care (as defined in IC 16-18-2-52.5), including providing funds or other financial support for health care services for individuals who are indigent (as defined in IC 16-18-2-52.5(b) and IC 16-18-2-52.5(c)); or
- (2) provides or supports the provision of community benefits (as defined in IC 16-21-9-1), including research, education, or government sponsored indigent health care (as defined in IC 16-21-9-2).

However, participation in the Medicaid or Medicare program alone does not entitle an office, practice, or other property described in this subsection to an exemption under this section.

(i) A tract of land or a tract of land plus all or part of a structure on the land is exempt from property taxation if:

- (1) the tract is acquired for the purpose of erecting, renovating, or improving a single family residential structure that is to be given away or sold:
  - (A) in a charitable manner;
  - (B) by a nonprofit organization; and
  - (C) to low income individuals who will:
    - (i) use the land as a family residence; and
    - (ii) not have an exemption for the land under this section;
- (2) the tract does not exceed three (3) acres;
- (3) the tract of land or the tract of land plus all or part of a structure on the land is not used for profit while exempt under this section; and
- (4) not more than three (3) years after the property is acquired for the purpose described in subdivision (1), and for each year after the three (3) year period, the owner demonstrates substantial progress towards the erection, renovation, or improvement of the intended structure. To establish that substantial progress is being made, the owner must prove the existence of factors such as the following:
  - (A) Organization of and activity by a building committee or other oversight group.
  - (B) Completion and filing of building plans with the appropriate local government authority.
  - (C) Cash reserves dedicated to the project of a sufficient amount to lead a reasonable individual to believe the actual construction can and will begin within six (6) years of the

1 initial exemption received under this subsection.

2 (D) The breaking of ground and the beginning of actual  
3 construction.

4 (E) Any other factor that would lead a reasonable individual to  
5 believe that construction of the structure is an active plan and  
6 that the structure is capable of being:

7 (i) completed; and

8 (ii) transferred to a low income individual who does not  
9 receive an exemption under this section;

10 within six (6) years considering the circumstances of the  
11 owner.

12 (j) An exemption under subsection (i) terminates when the property  
13 is conveyed by the nonprofit organization to another owner. When the  
14 property is conveyed to another owner, the nonprofit organization  
15 receiving the exemption must file a certified statement with the auditor  
16 of the county, notifying the auditor of the change not later than sixty  
17 (60) days after the date of the conveyance. The county auditor shall  
18 immediately forward a copy of the certified statement to the county  
19 assessor. A nonprofit organization that fails to file the statement  
20 required by this subsection is liable for the amount of property taxes  
21 due on the property conveyed if it were not for the exemption allowed  
22 under this chapter.

23 (k) If property is granted an exemption in any year under subsection  
24 (i) and the owner:

25 (1) ceases to be eligible for the exemption under subsection (i)(4);  
26 (2) fails to transfer the tangible property within six (6) years after  
27 the assessment date for which the exemption is initially granted;

28 or

29 (3) transfers the tangible property to a person who:

30 (A) is not a low income individual; or

31 (B) does not use the transferred property as a residence for at  
32 least one (1) year after the property is transferred;

33 the person receiving the exemption shall notify the county recorder and  
34 the county auditor of the county in which the property is located not  
35 later than sixty (60) days after the event described in subdivision (1),  
36 (2), or (3) occurs. The county auditor shall immediately inform the  
37 county assessor of a notification received under this subsection.

38 (l) If subsection (k)(1), (k)(2), or (k)(3) applies, the owner shall pay,  
39 not later than the date that the next installment of property taxes is due,  
40 an amount equal to the sum of the following:

41 (1) The total property taxes that, if it were not for the exemption  
42 under subsection (i), would have been levied on the property in  
43 each year in which an exemption was allowed.

44 (2) Interest on the property taxes at the rate of ten percent (10%)  
45 per year.

46 (m) The liability imposed by subsection (l) is a lien upon the

property receiving the exemption under subsection (i). An amount collected under subsection (l) shall be collected as an excess levy. If the amount is not paid, it shall be collected in the same manner that delinquent taxes on real property are collected.

(n) Property referred to in this section shall be assessed to the extent required under IC 6-1.1-11-9.

**(o) A tract of land owned by a church is exempt from property taxation if:**

**(1) the tract:**

**(A) is used to operate a church camp; and**

**(B) does not exceed one hundred fifty (150) acres; or**

**(2) not more than three (3) years after the property is purchased, and for each year after the three (3) year period, the owner demonstrates substantial progress toward use of the tract to operate a church camp. To establish that substantial progress is being made, the owner must prove the existence of factors such as the following:**

**(A) Organization of and activity by a committee or other oversight group.**

**(B) Completion and filing of building plans with the appropriate local government authority.**

**(C) Cash reserves dedicated to the project of an amount sufficient to lead a reasonable individual to believe that the actual preparation of the property for use as a church camp can and will begin within three (3) years.**

**(D) The breaking of ground and the beginning of actual preparation of the property for use as a church camp.**

**(E) Any other factor that would lead a reasonable individual to believe that:**

**(i) preparation of the property for use as a church camp is an active plan; and**

**(ii) the preparation is capable of being completed within six (6) years considering the circumstances of the owner.**

**(p) If a tract qualifies for exemption:**

**(1) under subsection (c) with respect to a building not associated with a church camp; and**

**(2) under subsection (o) with respect to a church camp;**

**not more than fifty (50) acres of the tract associated with the building under subdivision (1) qualifies for exemption under subsection (c) and not more than one hundred fifty (150) acres of the tract associated with the church camp under subdivision (2) qualifies for exemption under subsection (o).**

SECTION 2. IC 6-1.1-10-21, AS AMENDED BY P.L.198-2001, SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 21. (a) The following tangible property is exempt from property taxation if it is owned by, or held in trust for the use of, a church or religious society:

(1) A building ~~which~~ **that** is used for religious worship.

~~(2) Buildings that are used as parsonages:~~

~~(3) (2)~~ The pews and furniture contained within a building ~~which~~ **that** is used for religious worship.

~~(4) (3)~~ The tract of land not exceeding ~~fifteen (15)~~ **fifty (50)** acres, upon which a building ~~described in this section that is used~~ **for religious worship** is situated.

**(b) The following tangible property is exempt from property taxation if it is owned by, or held in trust for the use of, a church or religious society:**

**(1) A building that is used as a parsonage.**

**(2) The tract of land, not exceeding fifteen (15) acres, upon which a building that is used as a parsonage is situated.**

**(c)** To obtain an exemption for parsonages, a church or religious society must provide the county auditor with an affidavit at the time the church or religious society applies for the exemptions. The affidavit must state that:

(1) all parsonages are being used to house one (1) of the church's or religious society's rabbis, priests, preachers, ministers, or pastors; and

(2) none of the parsonages are being used to make a profit.

The affidavit shall be signed under oath by the church's or religious society's head rabbi, priest, preacher, minister, or pastor. The county auditor shall immediately forward a copy of the affidavit to the county assessor.

~~(e)~~ **(d)** Property referred to in this section shall be assessed to the extent required under IC 6-1.1-11-9.

SECTION 3. IC 6-1.1-11-8, AS AMENDED BY P.L.90-2002, SECTION 105, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 8. **(a)** On or before August 1 of each year, the county auditor of each county shall forward to the department of local government finance the duplicate copies of all approved exemption applications.

**(b)** The department of local government finance shall review the approved applications **forwarded under subsection (a)**. The department of local government finance may deny an exemption if the department determines that the property is not tax exempt under the laws of this state. However, before denying an exemption, the department of local government finance must give notice to the applicant, and the department must hold a hearing on the exemption application.

**(c) With respect to the approved applications forwarded under subsection (a), the department shall, on or before August 1 of each year, report to the executive director of the legislative services agency:**

**(1) the number forwarded;**

1           (2) the number subjected to field investigation by the  
2           department; and

3           (3) the number denied by the department;  
4           during the year ending on July 1 of the year.

5           (d) The department of local government finance may investigate  
6           any approved application forwarded under subsection (a). The  
7           investigation may include inspection of:

8               (1) the exempt property; and

9               (2) relevant books and records of the person claiming the  
10           exemption.

11          Refusal of a person claiming an exemption to permit inspection of  
12          the property or relevant books and records constitutes grounds for  
13          denying the exemption.

14          (e) The department shall adopt rules under IC 4-22-2 with  
15          respect to exempt real property to:

16               (1) provide just valuations; and

17               (2) ensure that assessments are:

18                   (A) made; and

19                   (B) recorded;

20           in accordance with law.

21          SECTION 4. IC 6-1.1-21-4, AS AMENDED BY P.L.192-2002(ss),  
22          SECTION 41, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
23          JULY 1, 2003]: Sec. 4.(a) Each year the department shall allocate from  
24          the property tax replacement fund an amount equal to the sum of:

25               (1) each county's total eligible property tax replacement amount  
26               for that year; plus

27               (2) the total amount of homestead tax credits that are provided  
28               under IC 6-1.1-20.9 and allowed by each county for that year;  
29               plus

30               (3) an amount for each county that has one (1) or more taxing  
31               districts that contain all or part of an economic development  
32               district that meets the requirements of section 5.5 of this chapter.  
33               This amount is the sum of the amounts determined under the  
34               following STEPS for all taxing districts in the county that contain  
35               all or part of an economic development district:

36               STEP ONE: Determine that part of the sum of the amounts  
37               under section 2(g)(1)(A) and 2(g)(2) of this chapter that is  
38               attributable to the taxing district.

39               STEP TWO: Divide:

40                   (A) that part of the subdivision (1) amount that is  
41                   attributable to the taxing district; by

42                   (B) the STEP ONE sum.

43               STEP THREE: Multiply:

44                   (A) the STEP TWO quotient; times

45                   (B) the taxes levied in the taxing district that are allocated to  
46                   a special fund under IC 6-1.1-39-5.

47          (b) Except as provided in subsection (e), between March 1 and

1 August 31 of each year, the department shall distribute to each county  
 2 treasurer from the property tax replacement fund one-half (1/2) of the  
 3 estimated distribution for that year for the county. Between September  
 4 1 and December 15 of that year, the department shall distribute to each  
 5 county treasurer from the property tax replacement fund the remaining  
 6 one-half (1/2) of each estimated distribution for that year. The amount  
 7 of the distribution for each of these periods shall be according to a  
 8 schedule determined by the property tax replacement fund board under  
 9 section 10 of this chapter. The estimated distribution for each county  
 10 may be adjusted from time to time by the department to reflect any  
 11 changes in the total county tax levy upon which the estimated  
 12 distribution is based.

13 (c) On or before December 31 of each year or as soon thereafter as  
 14 possible, the department shall make a final determination of the amount  
 15 which should be distributed from the property tax replacement fund to  
 16 each county for that calendar year. This determination shall be known  
 17 as the final determination of distribution. The department shall  
 18 distribute to the county treasurer or receive back from the county  
 19 treasurer any deficit or excess, as the case may be, between the sum of  
 20 the distributions made for that calendar year based on the estimated  
 21 distribution and the final determination of distribution. The final  
 22 determination of distribution shall be based on the auditor's abstract  
 23 filed with the auditor of state, adjusted for postabstract adjustments  
 24 included in the December settlement sheet for the year, and such  
 25 additional information as the department may require.

26 (d) All distributions provided for in this section shall be made on  
 27 warrants issued by the auditor of state drawn on the treasurer of state.  
 28 If the amounts allocated by the department from the property tax  
 29 replacement fund exceed in the aggregate the balance of money in the  
 30 fund, then the amount of the deficiency shall be transferred from the  
 31 state general fund to the property tax replacement fund, and the auditor  
 32 of state shall issue a warrant to the treasurer of state ordering the  
 33 payment of that amount. However, any amount transferred under this  
 34 section from the general fund to the property tax replacement fund  
 35 shall, as soon as funds are available in the property tax replacement  
 36 fund, be retransferred from the property tax replacement fund to the  
 37 state general fund, and the auditor of state shall issue a warrant to the  
 38 treasurer of state ordering the replacement of that amount.

39 (e) Except as provided in subsection (i), the department shall not  
 40 distribute under subsection (b) and section 10 of this chapter the money  
 41 attributable to the county's property reassessment fund if, by the date  
 42 the distribution is scheduled to be made, the county auditor has not:

- 43 (1) sent a certified statement required to be sent by that date under
- 44 IC 6-1.1-17-1; or
- 45 (2) **forwarded the duplicate copies of all approved exemption**
- 46 **applications required to be forwarded by that date under**



1 **IC 6-1.1-11-8(a);**

2 to the department of local government finance.

3 (f) Except as provided in subsection (i), if the elected township  
4 assessors in the county, the elected township assessors and the county  
5 assessor, or the county assessor has not transmitted to the department  
6 of local government finance by October 1 of the year in which the  
7 distribution is scheduled to be made the data for all townships in the  
8 county required to be transmitted under IC 6-1.1-4-25(b), the state  
9 board or the department shall not distribute under subsection (b) and  
10 section 10 of this chapter a part of the money attributable to the  
11 county's property reassessment fund. The portion not distributed is the  
12 amount that bears the same proportion to the total potential distribution  
13 as the number of townships in the county for which data was not  
14 transmitted by August 1 as described in this section bears to the total  
15 number of townships in the county.

16 (g) Money not distributed ~~under for the reason stated in~~ subsection  
17 ~~(e)~~ **(e)(1)** shall be distributed to the county when the county auditor  
18 sends to the department of local government finance the certified  
19 statement required to be sent under IC 6-1.1-17-1 with respect to which  
20 the failure to send resulted in the withholding of the distribution under  
21 subsection (e). **Money not distributed for the reason stated in**  
22 **subsection (e)(2) shall be distributed to the county when the county**  
23 **auditor forwards to the department of local government finance**  
24 **the approved exemption applications required to be sent under**  
25 **IC 6-1.1-11-8(a) with respect to which the failure to forward**  
26 **resulted in the withholding of the distribution under subsection (e).**  
27 **Money not distributed for the reasons stated in subsection (e)(1)**  
28 **and (e)(2) shall be distributed to the county when the county**  
29 **auditor:**

30 **(1) sends to the department of local government finance the**  
31 **certified statement required to be sent under IC 6-1.1-17-1;**  
32 **and**

33 **(2) forwards to the department of local government finance**  
34 **the approved exemption applications required to be sent**  
35 **under IC 6-1.1-11-8(a);**

36 **with respect to which the failure to forward resulted in the**  
37 **withholding of the distribution under subsection (e).**

38 (h) Money not distributed under subsection (f) shall be distributed  
39 to the county when the elected township assessors in the county, the  
40 elected township assessors and the county assessor, or the county  
41 assessor transmits to the department of local government finance the  
42 data required to be transmitted under IC 6-1.1-4-25(b) with respect to  
43 which the failure to transmit resulted in the withholding of the  
44 distribution under subsection (f).

45 (i) The restrictions on distributions under subsections (e) and (f) do  
46 not apply if the department of local government finance determines

1 that:

- 2 (1) the failure of a county auditor to send:  
 3 (A) a certified statement; **or**  
 4 (B) **copies of all approved exemption applications;**  
 5 as described in subsection (e); or  
 6 (2) the failure of an official to transmit data as described in  
 7 subsection (f);  
 8 is justified by unusual circumstances.

9 SECTION 5. IC 14-33-7-4 IS AMENDED TO READ AS  
 10 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 4. (a) This section  
 11 applies to the following tangible property owned by or held in trust for  
 12 the use of a church or religious society:

- 13 (1) A building that is used for religious worship.  
 14 (2) A building that is used as a parsonage.  
 15 (3) The pews and furniture contained within a building that is  
 16 used for religious worship.  
 17 (4) **The land, not exceeding fifty (50) acres, upon which a**  
 18 **building that is used for religious worship is situated.**  
 19 (5) The land not exceeding fifteen (15) acres, upon which a  
 20 building ~~described in this section that is used as a parsonage~~ is  
 21 situated.

22 (b) Property is exempt from the special benefits tax that may be  
 23 imposed under:

- 24 (1) IC 14-33-6-13 and section 1 of this chapter; or  
 25 (2) IC 14-33-21-5;  
 26 to the extent that the special benefits tax revenue will be used for the  
 27 construction or improvement of a water impoundment project,  
 28 including a lake, pond, or dam.

29 (c) To obtain an exemption for a parsonage, a church or religious  
 30 society must provide the county auditor with an affidavit at the time the  
 31 church or religious society applies for the exemption. The affidavit  
 32 must:

- 33 (1) state:  
 34 (A) that all parsonages are being used to house one (1) of the  
 35 church's or religious society's rabbis, priests, preachers,  
 36 ministers, or pastors; and  
 37 (B) that none of the parsonages are being used to make a  
 38 profit; and  
 39 (2) be signed under oath or affirmation by the church's or  
 40 religious society's head rabbi, priest, preacher, minister, pastor, or  
 41 designee of the official church body.

42 SECTION 6. [EFFECTIVE JULY 1, 2003] (a) **A church or**  
 43 **religious institution may file a claim with the county auditor for a**  
 44 **refund for the payment of property taxes first due and payable in**  
 45 **2001 if:**

- 46 (1) **the church or religious institution challenged in an**

1 administrative action before the state board of tax  
2 commissioners (before it was abolished) the denial of  
3 exemption of land for that year by the county property tax  
4 assessment board of appeals; and

5 (2) the church or religious institution paid property taxes for  
6 that year on land not exceeding fifteen (15) acres for which  
7 exemption was denied as described in subdivision (1).

8 The claim must be filed as set forth in IC 6-1.1-26-1, except that the  
9 claim must be based upon a determination of the exemption of the  
10 property of the church or religious institution as if IC 6-1.1-10-16,  
11 as amended by this act, had been in effect for property taxes first  
12 due and payable in 2001.

13 (b) Upon receiving a claim filed under this SECTION, the  
14 county auditor shall determine whether the claim is correct. If the  
15 county auditor determines that the claim is correct, the auditor  
16 shall, without an appropriation being required, issue a warrant to  
17 the claimant payable from the county general fund for the amount  
18 due the claimant under this SECTION.

19 (c) The amount of the refund shall equal the amount of the claim  
20 so allowed. No interest is payable on the refund.

21 (d) This SECTION expires January 1, 2004.

22 SECTION 7. [EFFECTIVE JULY 1, 2003] (a) IC 6-1.1-10-16  
23 (subject to SECTION 6 of this act), IC 6-1.1-10-21, and  
24 IC 14-33-7-4, all as amended by this act, apply only to property  
25 taxes first due and payable after December 31, 2004.

26 (b) This SECTION expires January 1, 2006.

(Reference is to HB 2005 as printed February 17, 2002.)

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Representative Frenz